Hogan Lovells US LLP
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004
T +1 202 637 5600
F +1 202 637 5910
www.hoganlovells.com

May 31, 2018

By Electronic Mail

Ms. Susan Bodine
Assistant Administrator
Office of Enforcement & Compliance Assurance
U.S. Environmental Protection Agency
Mail Code 2201A
1200 Pennsylvania Ave, N.W.
Washington, DC 20460

Mr. Phillip A. Brooks
Director
Air Enforcement Division
Office of Civil Enforcement
U.S. Environmental Protection Agency
Mail Code 2242A
1200 Pennsylvania Ave, N.W.
Washington, DC 20460

Re: Report Required by May 2, 2018 No Action Assurance for the Puerto Rico Electric Power Authority (PREPA) Emergency Request for Hurricanes Irma and Maria Related Relief

Dear Ms. Bodine and Mr. Brooks:

I write on behalf of the Puerto Rico Electric Power Authority ("PREPA") to provide the United States Environmental Protection Agency ("EPA") and the Puerto Rico Environmental Quality Board ("PREQB") with a report on PREPA's anticipated timeline to return to pre-hurricane conditions. This report is required by the above-captioned no-action assurance ("the NAA") issued by EPA on May 2, 2018.

The first section of this report discusses PREPA's timeline of expected milestones for achieving pre-hurricane conditions. Among other items, this section includes a timeline for steps needed to restore major transmission lines and to achieve pre-hurricane generation availability, as well as a timeline for use of temporary mobile diesel generators and the submittal of all outstanding reports. In the second section of this report, PREPA discusses each condition covered by the NAA and indicates which milestones are expected to end the need for NAA coverage. PREPA also identifies whether or not PREPA anticipates it will need to request an extension of the NAA for each area of coverage.

I. Timeline of Milestones for Achieving Pre-Hurricane Conditions

A. Timeline for Restoring Major Transmission Lines

PREPA has made great progress on restoring the transmission grid. After Hurricane Maria, PREPA estimates that 80 to 90% of the grid had been damaged. As of the date of this report, approximately 80% of major transmission lines have been repaired and energized,[1] and approximately 97% of distribution lines are energized. Power has been restored to approximately 99.2% of PREPA's clients. These figures represent a substantial improvement over the last few months. However, despite this progress, work continues to fully restore power to areas in the eastern and central parts of the island. Moreover, PREPA is also continuing to repair and stabilize the transmission system: approximately 20% of major transmission lines still must be repaired and/or energized.

PREPA emphasizes that the timeline to fully repair the transmission system to pre-hurricane levels is not fully known. However, PREPA anticipates that repairs of major transmission lines will continue through July (and potentially into August). Currently, 19 major transmission lines remain under repair and have yet to be energized, including two 230 kV lines and approximately seventeen 115 kV lines. Two additional 115 kV lines are repaired, but still must be energized (for a total of twenty-one lines that must still be energized). A summary of the timeline for repairing the damaged lines is as follows:

- PREPA currently plans to complete repair of 6 of the 19 remaining damaged transmission lines by mid-June 2018. These include north-south Line 51000 (Aguirre S.P. – Aguas Buenas), which is critical to normal operation of the Aguirre power complex.

- PREPA anticipates completing repair of 3 more lines by mid-July 2018.

- PREPA is still determining an anticipated repair date for the remaining 10 lines; however, for many of these remaining lines a percentage of the repair work has already been completed. For instance, for 4 of these lines, the percentage of repair work completed is above 50%. PREPA nevertheless lacks an estimate for these lines at this time.

Accordingly, based on its current repair schedule for these lines, PREPA anticipates that achieving the milestone of fully repairing all major transmission lines will likely not occur before the end of July, and may extend into August.

B. Timeline for Achieving Pre-Hurricane Generation Availability

This section describes the units that are in service at the Palo Seco, San Juan, Aguirre, and Costa Sur plants, as well as the units that are currently out-of-service at these plants and the timeline for those units to return to service:

Currently Operating Units - The following units are currently in service: San Juan Units 5, 6, and 8, Palo Seco Unit 3, Aguirre Unit 1, and Costa Sur Units 5 and 6.

[1] 82% of the transmission lines have been repaired; however, two transmission line segments that have been repaired have not yet been energized.

Units Out-of-Service for Mandatory Environmental Outage - San Juan Units 7 and 9 are out-of-service for mandatory environmental outages that were delayed due to the hurricanes. The outage for Unit 9 is slated to end June 20, 2018, while the outage for Unit 7 is expected to end July 1, 2018.

Units Out-of-Service or Operating at Low Loads due to Transmission Line Repair - As described in prior reports, the Aguirre power complex has been limited to low loads due to the ongoing repair of transmission lines that serve the plant. For instance, on May 30, 2018, output at the Aguirre plant overall was at approximately 428 MW (of a total capacity of 1536 MW).[2] Aguirre Unit 1 is currently operating at limited loads, and Aguirre Unit 2 is not in service.[3] The Aguirre combined cycle units are also limited by the transmission line repairs. PREPA anticipates that the units at the Aguirre power complex will not be able to return to normal operation until certain transmission lines are sufficiently repaired, particularly 230 kV Line 51000 (Aguirre S.P. – Aguas Buenas). This line is slated for repair in June, but is only 67% repaired at this time. PREPA intends for Aguirre to return to normal operations by the end of June, but this could occur in July.

Units Out-of-Service Prior to the Hurricanes - Certain units had been out-of-service since before the hurricanes, but PREPA placed some units back in service in response to the hurricanes and has plans to place others in service later this year. In particular, the Palo Seco units were taken out-of-service before the hurricanes due to structural issues, and repair work on these units was delayed by the hurricanes. In early January, after completion of stabilization work, PREPA placed Palo Seco Unit 3 back into service and it remains in service, as noted above. Palo Seco Unit 1 had also been out-of-service since before the hurricanes, but PREPA was able to place it back in service in January 2018, to meet demand. Subsequently to being placed in service, Palo Seco Unit 1 had to be taken out-of-service for additional repairs, but is expected to be available by June 30, 2018. Palo Seco Units 2 and 4 remain out-of-service since before the hurricanes due to needed repairs, but PREPA anticipates placing the units back in service by the end of December 2018 and August 2018, respectively. San Juan Unit 10 has also been out-of-service since before the hurricane, due to needed turbine repairs. PREPA anticipates that it will be back in service by the end of December 2018. Costa Sur Units 3-4 have also been out-of-service, but PREPA intends to keep these units out-of-service.

The status and milestones for these units are summarized in the following table:

Unit Name	Current Status	Estimated Date Available
San Juan Unit 5	In-Service	N/A
San Juan Unit 6	In-Service	N/A
San Juan Unit 7 (limited use)	Mandatory Environmental Outage	July 1, 2018
San Juan Unit 8 (limited use)	In-Service	N/A
San Juan Unit 9	Mandatory Environmental Outage	June 20, 2018
San Juan Unit 10	Out-of-Service for Unit Repairs	December 2018
Palo Seco Unit 1 (limited use)	Out-of-Service for Unit Repairs	June 30, 2018
Palo Seco Unit 2 (limited use)	Out-of-Service for Unit Repairs	December 2018
Palo Seco Unit 3	In-Service	N/A
Palo Seco Unit 4	Out-of-Service for Unit Repairs	August 2018
Aguirre Unit 1	In-Service at Limited Loads	June-July

[2] For instance, on May 30, 2018, approximately 270 MW of 900 MW total were online at Aguirre's steam units. On May 30, 2018, approximately 158 MW of the 592 MW total were online at Aguirre's combined cycle units, and 0 MW of the 42 MW Aguirre combustion turbine were online.

[3] By June 4, 2018, PREPA intends to take Aguirre Unit 1 out of service and to place Unit 2 back in service.

Unit Name	Current Status	Estimated Date Available
Aguirre Unit 2	Out-of-Service Due to Transmission Line Damage	June-July
Costa Sur Unit 3 (limited use)	Out-of-Service	N/A
Costa Sur Unit 4 (limited use)	Out-of-Service	N/A
Costa Sur Unit 5	In-Service	N/A
Costa Sur Unit 6	In-Service	N/A

In sum, PREPA estimates that it will achieve pre-hurricane generation availability by the end of June or early July. However, this milestone is closely connected to the milestone for repair of certain major transmission lines, particularly those serving Aguirre, as discussed above.

C. Timeline for Use of Mobile Diesel Generators

Mobile diesel generators continue to be used as a part of the power restoration effort on the island, although their use is decreasing. As described in earlier correspondence, two 25 MW emergency generators have been in use at Palo Seco, and one 25 MW emergency generator has been in use at Yabucoa. At the May 8, 2018 hearing before the Senate Committee on Energy and Natural Resources, the Army Corps stated that these generators would be operated into July, and that the Corps' temporary power mission would continue until July 31. Consistent with the Corps' plans, PREPA anticipates the need to operate these generators until July 31. As described in more detail below, PREPA thus will need to request an extension of the NAA until July 31 as it relates to mobile diesel generators. After July 31, PREPA plans to keep the generators on the island for emergency backup purposes during the upcoming hurricane season (i.e., through December).

D. Timeline for Completion of Reports

PREPA continues to face a formidable backlog of reporting requirements. Despite best efforts to complete the reports as quickly as possible, as we have described in earlier reports, PREPA personnel have prioritized the ongoing restoration effort and were further hindered by a large cyber-attack that further delayed reporting efforts. The current deadline for submitting all reports covered by the current NAA is 30 days after the NAA expires on June 29.[4] PREPA is working to submit as many reports as it can before this deadline; however, given the current number of reports outstanding, submitting all reports before this deadline is not feasible. This is particularly true, because many of the reports covering activities during the first half of 2018 are due in July and August. A whole new round of quarterly and semi-annual reports will need to be submitted just as PREPA will be striving to catch up on its backlog and meet the NAA deadline.

Set forth below is a table that summarizes the reporting obligations covered by the NAA, and describes the reports that have been submitted, the outstanding reports, and proposed deadlines for the submission of the outstanding reports. Generally, PREPA proposes that reports covering timeframes in 2017 be submitted by the current NAA deadline of July 30. For reports covering timeframes in 2018, PREPA proposes that NAA coverage be extended from June 29 to July 31, and that the 2018 reports come due 30 days later on August 30. Although reports for Q2 2018 and the first half of 2018 are not currently outstanding, they are included in the table below because they will come due by August 30.

[4] Because July 29 is a Sunday, PREPA interprets the deadline to be the next business day, July 30.

Table A: PREPA Reporting Requirements

Report	Facilities	Legal Sources	Reports Submitted	Reports Outstanding	Proposed Timeline for Submitting Reports
Semi-Annual Monitoring Report	Aguirre, Costa Sur, Palo Seco, San Juan, Cambalache, Mayaguez, Daguao, Jobos, Vega Baja, Yabucoa	Title V permits	First half of 2017 semi-annual monitoring report	Second half of 2017 semi-annual monitoring report	July 30
Annual Compliance Certification Report	Aguirre, Costa Sur, Palo Seco, San Juan, Cambalache, Mayaguez, Daguao, Jobos, Vega Baja, Yabucoa	Title V permits		Annual compliance certification report for 2017 for all subject facilities	July 30
Annual GHG Emissions Report	All subject facilities	GHG Reporting Rule (Part 98) Title V permits		Annual GHG emissions report for 2017 for all subject facilities	July 30
Quarterly Excess Emissions & Method 9 Report	Aguirre, Palo Seco	Title V permits	Q3 2017 and Q4 2017 reports	Q1 2018 and Q2 2018 reports	August 30
Quarterly Excess Emissions Report	San Juan, Cambalache, Costa Sur	PSD permits	Q3 2017 reports for Cost Sur and Cambalache Q4 2017 report for Cambalache	Q3 2017and Q4 2017 reports for San Juan Q4 2017 report for Costa Sur	July 30
				Q1 2018 and Q2 2018 reports	August 30

Report	Facilities	Legal Sources	Reports Submitted	Reports Outstanding	Proposed Timeline for Submitting Reports
Quarterly Excess Emissions & Monitoring Report	Costa Sur, Palo Seco, San Juan, Aguirre	MATS	None	Q3 2017 and Q4 2017 reports	July 30
				Q1 2018 and Q2 2018 reports	August 30
Semi-Annual Excess Emissions Report	Costa Sur, Palo Seco, San Juan, Aguirre	MATS	None	Second half of 2017 reports	July 30
				First half of 2018 reports	August 30
Monthly Vanadium/ Asphaltene Report	Aguirre, Costa Sur, Palo Seco, San Juan, Cambalache, Mayaguez, Daguao, Jobos, Vega Baja, Yabucoa	Title V permits	Monthly reports for August 2017 through December 2017	Monthly reports for January 2018 through June 2018	August 30
Annual Emergency Generator Compliance Report	Costa Sur, Aguirre, San Juan, Palo Seco, Mayaguez, Jobos	RICE NESHAP (Subpt. ZZZZ) Title V permits	2017 annual reports for Costa Sur and Aguirre	2017 annual reports for San Juan, Palo Seco, Mayaguez, and Jobos	July 30
Semi-Annual Emergency Generator Compliance Report	Palo Seco, Yabucoa	RICE NESHAP (Subpt. ZZZZ) Title V permits	Second half of 2017 report for Palo Seco	Second half of 2017 report for Yabucoa	July 30
				First half of 2018 reports for Palo Seco and Yabucoa	August 30
Semi-Annual Heat Input Report	Costa Sur	PSD permits	Semi-annual report for April 2017-September 2017	Semi-annual report for October 2017-March 2018	August 30

Report	Facilities	Legal Sources	Reports Submitted	Reports Outstanding	Proposed Timeline for Submitting Reports
Quarterly QA/QC Report (CEMS-O2-NOx-CO)	San Juan, Cambalache	PSD permits	Q3 2017 and Q4 2017 reports for Cambalache	Q3 2017 and Q4 2017 reports for San Juan	July 30
				Q1 2018 and Q2 2018 reports	August 30
QA/QC Quarterly Report (PM CEMS-Stack O2)	Costa Sur, Palo Seco, San Juan	MATS	None	Q3 2017 and Q4 2017 reports	July 30
				Q1 2018 and Q2 2018 reports	August 30
Annual Relative Accuracy Test Audit Report (Stack O2)	Costa Sur, Palo Seco, San Juan	MATS	None	Annual Relative Accuracy Test Audit reports (Stack O2)	August 30 or 60 days after the test is performed, whichever is later
Annual Relative Response Audit Report	Costa Sur, Palo Seco, San Juan	MATS	None	Annual Relative Response Audit report for subject facilities	PREPA will submit a Tri-Annual Relative Correlation Audit Report in lieu of the Annual Relative Response Audit Report by August 30 or 60 days after the test is performed, whichever is later

Report	Facilities	Legal Sources	Reports Submitted	Reports Outstanding	Proposed Timeline for Submitting Reports
Tri-Annual Relative Correlation Audit Report	Costa Sur	MATS	None	Tri-Annual Relative Correlation Audit report for Costa Sur	August 30 or 60 days after the test is performed, whichever is later
Annual RATA Report (CEMS-O2-NOx-CO)	San Juan, Cambalache	PSD permits	None	Annual RATA report (CEMS-O2-NOx-CO) for subject facilities	August 30 or 60 days after the test is performed, whichever is later

For most of the reports, PREPA proposes a milestone of July 30 (same as the current deadline) or a milestone of August 30 (thirty days after PREPA's proposed NAA extension date of July 31). An August 30 deadline makes sense from a practical perspective, as several of the second quarterly reports would be due on that date anyway.

For reports related to Relative Response Audits, Relative Correlation Audits, and RATA, PREPA proposes as a deadline August 30 or 60 days after the date the testing is performed, whichever is later. This will ensure that PREPA has enough time to prepare the report after conducting testing. As discussed in more detail below in Section II.G.4, PREPA has a contractor that is able to perform the work. Accordingly, PREPA does not anticipate that the deadline will extend past August 30.

PREPA notes, that, in lieu of submitting the "Annual Relative Response Audit Report" for Costa Sur, Palo Seco, and San Juan, PREPA proposes to conduct a more comprehensive Relative Correlation Audit (required every three years instead of annually) and to report on the results in a "Tri-Annual Relative Correlation Audit Report." PREPA is required to conduct a Relative Correlation Audit this year (2018) for these three facilities, and will report the results of the test in accordance with the deadline proposed above in the table. Because a facility only has to perform either an Relative Response Audit or a Relative Correlation Audit in a given year, PREPA will submit a "Tri-Annual Relative Correlation Audit Report" for Costa Sur, Palo Seco, and San Juan, instead of the "Annual Relative Response Audit Report." EPA, Region 2 agreed that this approach is acceptable, by email correspondence dated May 30, 2018. PREPA's approach is discussed in more detail below in Section II.G.4.

II. Implications of Timeline for Issues Covered by the May 2 NAA Extension

The NAA grants PREPA relief through June 29, 2018, for issues arising under the Clean Air Act as they relate to applicable federally-enforceable regulatory requirements and PREPA's Title V permits (and requirements contained therein),[5] at PREPA's electric generating units, if those units are unable to comply due to impacts from Hurricanes Irma and Maria. More specifically, the May 2 extension of the NAA applies to any violations, actions taken, or not taken, in response to the following conditions:

- Opacity emissions limits at the Aguirre facility from operating the Aguirre facility at low load output levels;
- Emissions limits (including but not limited to opacity limits) at PREPA's electric generating units other than Costa Sur and Cambalache, related to episodic electrical disturbances;
- Operation in excess of heat input limits at San Juan units 7 and 8 and Palo Seco unit 1;
- Unit and/or control equipment malfunctions, shutdowns, or restart, except at Costa Sur and Cambalache, to the extent they are due to electrical system disturbances;
- Inoperable or damaged process, production, control, or monitoring equipment (excluding all fuel analysis activities) at Aguirre unit 1; inoperable or damaged water injection equipment at the Mayaguez facility, to the extent caused by electrical disturbances; and inoperable or damaged steam injection equipment at San Juan units 5 and 6, to the extent caused by electrical disturbances;
- Compliance with the Mercury and Air Toxics Standard (MATS) as follows:
    - Heat input limits at San Juan units 7 and 8 and Palo Seco unit 1;
    - MATS compliance at Aguirre;
    - Emissions deviations resulting from cycling problems at plants subject to MATS, other than Costa Sur; and
    - MATS testing deadlines at Aguirre units 1-2, Costa Sur units 5-6, San Juan unit 9, and Palo Seco unit 3;
- Temporary operation of mobile diesel generators to restore power and start units and auxiliary equipment; and
- The shutdown or bypass of air pollution control equipment to shed parasitic load at Mayaguez and San Juan, to the extent problems are due to electrical disturbances.

The May 2 extension also extended NAA coverage until June 29, 2018, for the reporting and recordkeeping requirements identified in Table A of the May 2 extension.[6]

Based on the anticipated timeline for the return of PREPA's system to pre-hurricane conditions, PREPA will be seeking an extension of limited aspects of the NAA. The following sections discuss the progress that PREPA has made with regards to each of the conditions covered by the NAA. PREPA also identifies whether or not it will need to request an extension of the NAA for the condition, and the basis(es) for the request.

---

[5] The applicable Title V permits include permit numbers PFE-TV-4911-63-0212-0244 (Aguirre Power Station), PFE-TV-4911-70-1196-0015 (Palo Seco Steam Power Plant), TV-4911-31-0397-0021 (South Coast Steam Power Plant), PFE-TV-4911-65-1196-0016 (San Juan Steam Power Plant), PFTE-TV-4911-07-0897-0043 (Cambalache Combustion Turbine Plant), PFE-TV-4911-19-0306-0447 (Daguao Turbine Power Block), PFE-TV-4911-30-1107-0991 (Jobos Turbine Power Block), TV-4911-63-1196-0014 (Mayaguez), PFE-TV-4911-74-0106-0021 (Vega Baja Turbine Power Block), and PFE-TV-4911-77-0707-0759 (Yabucoa Turbine Power Block).

[6] The NAA allows PREPA 30 additional days after expiration of the NAA to submit the required reports.

A. Opacity emissions limits at the Aguirre facility from operating the Aguirre facility at low load output levels

Aguirre continues to operate at low load output levels due to the ongoing repair of transmission lines that serve the plant. PREPA has only been able to operate one of Aguirre's two 450 MW steam electric generating units since the hurricanes, and has generally been able to do so only at a limited capacity. As a result, Aguirre is continuing to experience opacity deviations.

However, as described above, PREPA anticipates that it will again be able to operate Aguirre at normal loads shortly after Line 51000 (Aguirre S.P. – Aguas Buenas) is repaired and energized. Based on the current transmission line repair schedule, PREPA anticipates that Aguirre will be back online by the end of June. Achieving the milestone of operating Aguirre at normal loads will end the need for NAA coverage for emissions limits due to low load output levels at Aguirre. Accordingly, at this time, PREPA does not anticipate requesting an extension of the NAA for this issue.

B. Emissions limits (including but not limited to opacity limits) at PREPA's electric generating units other than Costa Sur and Cambalache, related to episodic electrical disturbances

PREPA's system will remain at risk of episodic electrical disturbances impeding unit performance until its transmission lines are fully repaired. As of now, approximately 20% of PREPA's major transmission lines are still not in service, and nineteen of the major transmission lines still must be repaired, including two 230 kV lines and seventeen 115 kV lines. While several more transmission lines are anticipated to be placed back in service during June, approximately 13 lines will still likely be under repair continuing into July (and potentially August). As PREPA continues to bring online its previously-damaged high voltage transmission lines, the potential for power surges, power failures, and cycling persists. This means that deviations from emissions limits, including opacity, sulfur dioxide, particulate matter, carbon monoxide, and nitrogen oxide ("NO_x") limits, will potentially continue to occur. Power line failures and other issues can also cause the inadvertent shutdown of PREPA's water and steam injection equipment that controls NO_x at Mayaguez and San Juan.

The continued need for NAA coverage for this condition is thus connected to the milestone for repair of PREPA's remaining transmission lines. As discussed above, PREPA anticipates that this milestone will not be achieved at least until the end of July. That said, electrical disturbances are occurring less frequently. Over the course of June, PREPA plans to evaluate its progress in repairing the remaining lines. PREPA will review data and information available to it regarding unit performance to determine whether or not it needs to request an extension of the NAA with respect to this condition.

C. Operation in excess of heat input limits at the San Juan units 7 and 8 and Palo Seco unit 1

As described in prior reports to EPA, the unavailability of various baseload units has necessitated the use of units that are designated as limited-use units under MATS.[7] Of particular importance, the Aguirre power complex's operation at limited loads due to transmission line damage has required PREPA to operate its limited-use units to help compensate for Aguirre's unavailability.

[7] San Juan Units 7 and 8 and Palo Seco Unit 1 have exceeded the 8% heat input limit as measured through fuel use. *See* 40 C.F.R. § 63.10042 (defining the "limited-use liquid oil-fired subcategory").

In addition, other key baseload units (i.e., Costa Sur Unit 6 and San Juan Unit 9) had to be taken out of service for mandatory environmental outages. PREPA could not perform these outages for some time, because these units were some of the only units that were able to operate in the immediate aftermath of the storms and continued to be necessary to the power restoration effort until recently.

Costa Sur Unit 6 is back in service, and San Juan Unit 9 is slated to be available and back in service by June 20, 2018. PREPA thus expects that once it is able to operate Aguirre at normal output levels, the availability of its major plants will be effectively restored to pre-hurricane levels. Assuming Aguirre returns to normal operations by the end of June, PREPA does not anticipate requesting an extension of the NAA for heat-input limits for San Juan Units 7 and 8 and Palo Seco Unit 1. However, the need for an extension will ultimately depend on when Line 51000 repairs are completed and, in turn, when Aguirre is able to operate at normal loads. Until that time, flexibility to use the three limited-use units will remain critical to meet demand on the island.

D. Unit and/or control equipment malfunctions, shutdowns, or restarts, except at Costa Sur and Cambalache, to the extent they are due to electrical system disturbances

As noted above, PREPA's grid will remain susceptible to electrical disturbances until its major transmission lines are repaired into July (or potentially August). Such issues have contributed to blackouts and caused units to be unable to provide power to the grid as recently as April 2018. In addition, although frequent cycling has become less of an issue, PREPA must cycle its units in response to these conditions.

That said, these events are occurring less often. As with other conditions that are tied to electrical disturbances, PREPA plans to evaluate the frequency with which these disturbances occur over the course of June, as well as its progress in repairing the remaining transmission lines. PREPA will review data and information available to it regarding unit performance to determine whether or not it needs to request an extension of the NAA with respect to this condition.

E. Inoperable or damaged process, production, control, or monitoring equipment (excluding all fuel analysis activities) at Aguirre unit 1

As noted above, PREPA is hopeful that Aguirre will be able to return to normal operation by the end of June, and there are no outstanding equipment issues at Aguirre unit 1 at this time. PREPA thus does not anticipate that it will request an extension of the NAA with respect to this issue.

F. Inoperable or damaged water and steam injection equipment at the Mayaguez facility and at San Juan units 5 and 6, to the extent caused by electrical disturbances

As described in previous correspondence, and as noted above, electrical disturbances have caused malfunctions or shutdowns of steam and water injection equipment at the San Juan combined cycle units and the Mayaguez units. While the frequency of these types of disturbances has decreased, PREPA's system remains susceptible until its major transmission lines are fully repaired in July (or potentially August). As with other similar conditions, PREPA plans to evaluate the frequency with which these electrical disturbance events occur over the course of June. PREPA will review data and information available to it regarding unit performance to determine whether or not it needs to request an extension of the NAA with respect to this condition.

G. Mercury and Air Toxics Standards Issues

1. Heat-input limits at San Juan units 7 and 8 and Palo Seco unit 1

Please see discussion in Section II.C, above.

2. MATS compliance at Aguirre

Once Aguirre is able to operate at normal loads, PREPA will no longer need blanket relief for MATS compliance at Aguirre. PREPA will, however, potentially require more limited relief for Aguirre as described in Sections II.G.3 and II.G.4 below. Accordingly, PREPA currently anticipates that it will not request an extension of the NAA with respect to this generalized condition.

3. Emissions deviations resulting from cycling problems at plants subject to MATS, other than Costa Sur

Issues with cycling are decreasing, but continue to lead to emission deviations at PREPA's baseload units, with the exception of Costa Sur. As with several of the other NAA areas discussed above, PREPA's ability to fully comply with the emissions limits is tied to whether or not electrical disturbances continue to occur, which is in turn tied to whether or not major transmission lines are still under repair. As described above, PREPA expects that it will still be repairing approximately 13 major transmission lines during July. At the end of June, PREPA may thus find that it is still experiencing such deviations. PREPA plans to evaluate its progress over the course of June. PREPA will review data and information available to it regarding unit performance to determine whether or not it needs to request an extension of the NAA with respect to this condition. To the extent PREPA requests an extension of this condition, it would likely cover Aguirre, San Juan, and Palo Seco, but not Costa Sur.

4. MATS testing deadlines at Aguirre Units 1-2, Costa Sur Units 5-6, San Juan Unit 9, and Palo Seco Unit 3

PREPA has a testing contractor to perform relative correlation audit ("RCA") testing for San Juan Unit 9, Palo Seco Unit 3, and Costa Sur Units 5 and 6. In 2017, PREPA was required to conduct a relative response audit ("RRA") test for San Juan Unit 9, Palo Seco Unit 3, and Cost Sur Unit 5, and a RCA test for Costa Sur Unit 6. For 2018, PREPA's obligations are a mirror image: PREPA is required to conduct a RRA test for Costa Sur Unit 6, and RCA test for San Juan Unit 9, Palos Seco Unit 3, and Costa Sur Unit 5. The RCA is a more comprehensive test than the RRA and is conducted every three years, while the RRA is conducted in the years in which a RCA is not performed. EPA agreed that PREPA may perform an RCA for the four units in lieu of an RRA, by email dated May 30, 2018, and PREPA anticipates, at this time, that it will be able to schedule the testing for late June or early July. Depending on the date secured, PREPA may need to request an extension of the NAA for this issue until July.

PREPA will need to request an extension of the NAA for MATS testing at Aguirre. As described above, Aguirre Unit 1 continues to operate at limited loads, and Aguirre Unit 2 is not in service due to the transmission line repairs. These issues have precluded quarterly emissions testing at Aguirre, because the units must be operating at or near full loads to be tested. PREPA thus cannot schedule testing at Aguirre until the units are stable and near full loads. If Aguirre is able to return to service before the end of June, as anticipated, PREPA expects that it will be able to schedule testing by the end of July. Testing requires considerable lead time as testing consultants are not based in Puerto Rico, and must come from the continental United States. PREPA thus anticipates requesting an extension of the NAA with respect to MATS testing at Aguirre until July 31, 2018.

H. Temporary operation of mobile diesel generators to restore power and start units and auxiliary equipment

PREPA has progressively lowered its temporary operation of mobile diesel generators to restore power and start units and auxiliary equipment. However, as noted above, grid instability remains a concern, and blackouts have occurred on a sporadic basis. Indeed, multiple major blackouts occurred in March and April 2018. Moreover, transmission lines are still damaged in certain key areas, making it necessary for PREPA to be able to continue to utilize mobile diesel generators. As described above, PREPA anticipates that it will continue to repair major lines throughout July.

As one example, use of the generators at Palo Seco remains necessary for stability reasons and because of the continuing limitations on PREPA's ability to operate Aguirre; these generators are operating at all times and remain key to ensuring reliability in the northern part of the island. As another example, the use of generators at Yabucoa also remains essential for stability and restoring power, because of damage to the transmission and distribution lines servicing Yabucoa and the continued inability to rely on power from the Aguirre plant. Yabucoa has been one of the hardest hit communities with a relatively high proportion of residents still without power (current energized rate is approximately 72%). Proof of the fact that these generators are still needed to ensure power stability on the island, the U.S. Army Corps of Engineers ("Army Corps") recently testified before Congress that its temporary power mission would extend through July 31, 2018.[8]

PREPA still requires flexibility to be able to operate mobile diesel generators to restore power and to start its units and equipment. Accordingly, PREPA will request that EPA extend the NAA with respect to this issue until July 31, 2018, which is consistent with the Army Corps' timeline for its temporary power mission and the use of these generators.

I. Shutdown or bypass of air pollution control equipment to shed parasitic load

As noted above, shutdowns and malfunctions of the steam and water injection equipment at San Juan and Mayaguez have occurred on an episodic basis due to electrical disturbances, such as line failures and surges. While the frequency of these events is decreasing, the risk of these disturbances remains while PREPA continues to repair major transmission lines, and this repair work will continue into July. Accordingly, PREPA plans to evaluate the frequency with which these events occur over the course of June, and will review data and information available to it to determine whether or not it needs to request an extension of the NAA with respect to this condition.

J. Reporting and recordkeeping requirements covered by the May 2 Extension

PREPA continues to use its best efforts to comply with its reporting and recordkeeping obligations, and has already submitted a number of reports covered by the NAA to EPA. These reports are listed in Section I.D, above. PREPA is planning to submit imminently the Monthly Vanadium/Asphaltene Reports for January and February 2018, the Title V Semi-Annual Monitoring Reports for all facilities for the second half of 2017, the Semi-Annual Emergency Generator Compliance Report for Yabucoa for the second half of 2017, and the Annual Emergency Generator Compliance Report for Mayaguez for 2017.

[8] *See* U.S. Senate Committee on Energy and Natural Resources, Full Committee Hearing to Examine Puerto Rico's Electric Grid (May 8, 2018), *available at* https://www.energy.senate.gov/public/index.cfm/2018/5/full-committee-hearing-to-examine-puerto-rico-s-electric-grid.

PREPA is thus making progress on its reporting obligations and will continue to submit required reports for its facilities as soon as it is able to complete them. However, as described in Section I.D, PREPA still faces a significant backlog of reports. In the first few months following the hurricane, all hands were on deck to assist with hurricane relief efforts and personnel were largely deployed to emergency responsibilities. And, right as personnel were beginning to return to their normal duties, PREPA suffered a significant communications setback when its system was hacked in mid-March as a part of a large cyber-attack. As a result of the attack, PREPA lost work related to reporting that it had already entered into the system that had to be redone. PREPA is still recovering from the effects of this attack.

As discussed above in Section I.D, PREPA has proposed milestones for submitting reports on a rolling basis to EPA. Under this proposed schedule, PREPA would submit reports covering the 2017 timeframe by the current deadline under the existing NAA, which is thirty days after the NAA expires, i.e., July 30. PREPA has proposed a due date of August 30, 2018 for the reports covering the 2018 timeframe. For these reports, the NAA would need to be extended to July 31, 2018, and PREPA would then have 30 days to submit these reports. For the reports covering the Relative Correlation Audits and RATA, PREPA proposes that they would be due by August 30, 2018, or within 60 days of completion of the testing, whichever is later. This will ensure PREPA has sufficient time to prepare the report after conducting the testing.

Given the significant backlog of reports—in addition to any lingering restoration efforts PREPA's personnel may be called upon to assist with—PREPA will request that EPA extend the NAA for reporting and recordkeeping issues until July 31, 2018 for the reports identified in Section I.D, above. PREPA's request would cover any additional Clean Air Act reports for each generation facility that come due while the NAA is in place, i.e., reports that become due in July.

III. A Tailored Extension of the NAA is Necessary to Protect the Public Welfare and is in the Public Interest

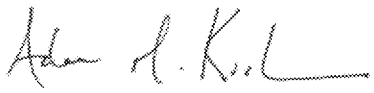
As described above, PREPA anticipates requesting a shorter and narrower extension of the NAA that is closely tailored to the current problems it is facing. A limited extension of aspects of the NAA, as described above, is necessary to protect public welfare as PREPA and the Commonwealth of Puerto Rico continue to resolve the extreme circumstances created by Hurricanes Irma and Maria. PREPA has made significant progress and is getting ever closer to its goal of restoring power to the entire island; however, recent estimates indicate that more than 10,000 clients still remain without power. Moreover, approximately 20% of major transmission lines are still not energized. Given that the grid is still susceptible to sporadic instability and surges and that core PREPA transmission lines are still damaged, PREPA expects to continue to have issues with certain conditions covered by the NAA, as described above. As such, a tailored extension of the NAA is merited for the most persistent problems affecting PREPA's system.

The residents of the island need to have power fully restored as quickly as possible, and to ensure that happens, PREPA needs to maintain the flexibility required to provide that power as quickly and to the greatest extent possible. That flexibility is in the public interest given the extremely unusual circumstances produced by the hurricanes. Extending the NAA will ensure the swiftest resumption of power to the island.

PREPA will continue to provide further information to EPA as it becomes available, and will schedule a meeting to discuss this report with EPA by June 8, 2018, as required by the May 2 extension of the NAA. PREPA will further use its best efforts in keeping EPA abreast of the restoration of its grid and its progress towards resumption of normal operation.

PREPA knows that EPA is taking all possible measures to assist the Commonwealth respond to, and recover from, the hurricanes, and we continue to stand ready to support the agency in those measures. We look forward to hearing from you soon.

Respectfully submitted,



Adam M. Kushner

Partner
adam.kushner@hoganlovells.com
D +1 202 637 5724

Cc: Mr. Lawrence Starfield, Principal Deputy Assistant Administrator
Mr. Peter Lopez, Regional Administrator, EPA Region 2
Mr. Eric Schaaf, Regional Counsel, EPA Region 2
Ms. Carmen Guerrero, Director, EPA Caribbean Environmental Protection Division
Ms. Tania Vázquez Rivera, President, Puerto Rico Environmental Quality Board
Mr. John Fogarty, Associate Director, EPA Office of Civil Enforcement
Ms. Apple Chapman, Deputy Director, EPA Air Enforcement Division
Mr. Gregory Fried, Chief, EPA Stationary Source Enforcement Branch
Mr. Peter Flynn, Senior Attorney, U.S. Department of Justice
Mr. Luis Sierra, Head of Air Quality Compliance Inspection Division, Puerto Rico Environmental Quality Board